

GIC PRE-TAX BENEFITS



Commonwealth of Massachusetts
Group Insurance Commission

A Simple Plan for Ensuring Your Family's Well-Being

What are Pre-Tax Benefits?

The Commonwealth's Pre-Tax Benefits are offered through the Group Insurance Commission and administered by Sentinel Benefits Group, Inc. The Dependent Care Assistance Program (DCAP) and the Health Care Spending Account (HCSA) are valuable employee benefit plans that allow you to withhold pre-tax dollars from your paycheck to pay for qualified, non-reimbursable health-related and dependent-care expenses.

How Do GIC Pre-Tax Benefits Work?

Participating in GIC Pre-Tax programs is easy. You decide how much to contribute and whether to participate in the HCSA, DCAP, or both. When you incur an eligible expense, you simply submit a claim to Sentinel Benefits for reimbursement. Sentinel Benefits does the rest.

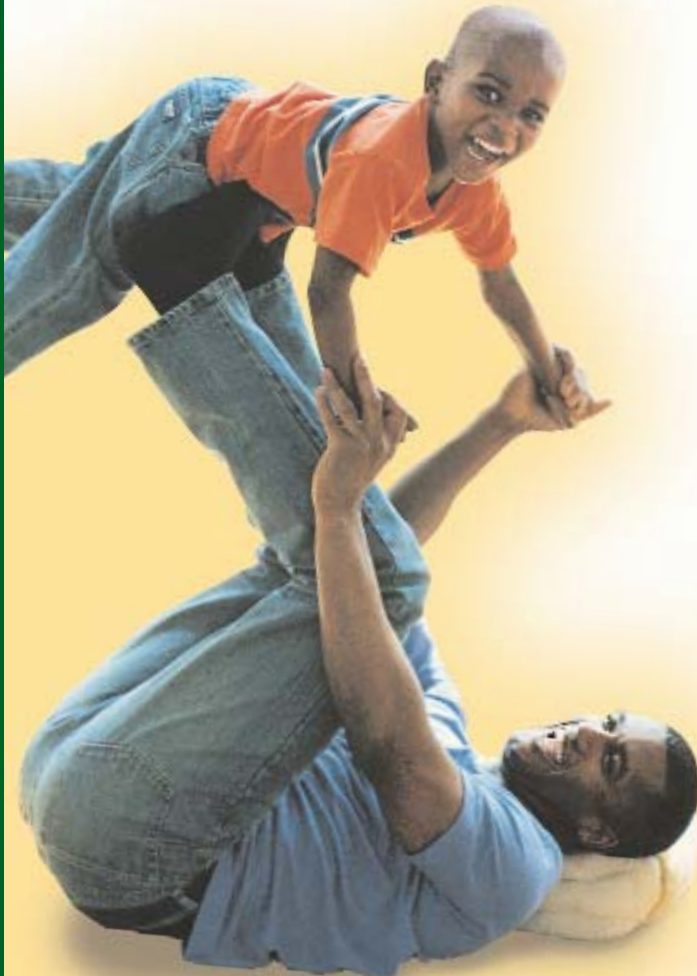
The Commonwealth automatically deducts the amount you elect from your paycheck on a pre-tax basis.

Sentinel Benefits processes reimbursement benefits weekly via direct deposit or by mailing you a check.

To protect your privacy, your claim records are kept confidential by Sentinel Benefits.

“Faced with soaring health care bills, companies are shifting more of the costs to workers. One way to ease the burden is by signing up for a flexible spending account. Money in a flex spending account is exempt from federal, state and payroll taxes. Using pre-tax dollars can slash your out-of-pocket cost by a third or more.”

—USA TODAY



“ Flexible spending accounts
may be the most valuable
benefit you are not using.”

—RAY MARTIN, CBS BROADCASTING INC.,
NEW YORK

What GIC Pre-Tax Benefits Cover

The GIC Pre-Tax Program covers an extensive range of out-of-pocket health-related and dependent care expenses.

This includes everything from healthcare expenses not covered by your health plan such as deductibles, physician office visits and prescription drug co-pays, orthodontics and eyeglasses, to dependent care expenses such as child care, nursery school, day camp or care related to an elderly parent. Refer to the examples on the right to see how much you can save on taxes under these plans.*

*Check with your personal tax advisor concerning your personal circumstance. Sentinel Benefits does not provide tax advice and the examples shown should not be construed as advice.



LISA ADAMS, AGE 26, unmarried. Lisa has medical and dental insurance at work. She learned very quickly that even with insurance, she still has significant out-of-pocket expenses.

Healthcare Related Expenses

Copays for Doctor Visits	\$75.00
Optician Visit	100.00
New Eyeglasses	235.00
Dental Cost for Root Canal	400.00
Prescription Co-pay	30.00
Total Eligible Expenses	\$840.00

Tax Savings

Healthcare Expenses	\$840.00
Marginal Tax Rate	28%

Estimated Tax Savings \$235.20



ROGER AND SUSAN COLLINS, AGES 35 AND 33, have two children ages 18 months and 3 years old. As their family grows, the Collins' are finding that their insurance leaves them vulnerable to significant out-of-pocket costs.

Healthcare Related Expenses

Well Baby Visit Copays	\$50.00
Children Sick Visit Copays	75.00
Roger's Maintenance Prescription	100.00
Susan's Contact Lenses (solutions)	350.00
Roger's extensive dental work	225.00
Family Prescriptions	235.00
Total Eligible Expenses	\$1,035.00

Tax Savings

Healthcare Expenses	\$1,035.00
Dependent Care Expenses	\$5,000.00
Total Expenses	\$6,035.00
Marginal Tax Rate	33%

Estimated Tax Savings \$1,991.55

Dependent Care Related Expenses

Children are in daycare while Roger and Susan work. The annual cost for this care exceeds \$5,000.00.



HENRY AND MEREDITH BRINKER, AGES 57 AND 56, have no children living at home. Meredith's aging mother, Olivia, who is a qualified dependent, lives with them and needs help at home while Henry and Meredith are at work. While the Brinkers are insured at work, Olivia is covered only through Medicare.

Healthcare Related Expenses

Henry's Maintenance Prescription	\$350.00
Meredith's Annual Exam & Tests	250.00
Family Dental Visits	250.00
Olivia's Medication (not insured)	750.00
Total Eligible Expenses	\$1,600.00

Tax Savings

Healthcare Expenses	\$1,600.00
Dependent Care Expenses	\$3,500.00
Total Expenses	\$5,100.00
Marginal Tax Rate	35%

Estimated Tax Savings \$1,785.00

The annual cost for Olivia's care at the Brinker's Home is \$3,500.00

See More Tax Savings with GIC Pre-Tax Benefits

How to Participate in the GIC Pre-Tax Benefits

You can only elect to participate in this program during the GIC's open enrollment period, unless you are a new Commonwealth employee or have experienced a change in family status. This year's open enrollment runs from October 11 through November 10, 2005.

You'll find everything you need to participate online. Visit the GIC's website www.mass.gov/gic for:

- Enrollment and Claim Forms.
- Instructions for re-enrollment online.
- Details on the SmartFlex card.

And, visit www.sentinelbenefits.com/flexchoice to:

- Re-enroll online (current participants only).
- Research eligible expenses and relevant IRS information.
- Check the status of your account and claims online anytime.

Make the Most of Your GIC Pre-Tax Benefits

- You may contribute a minimum of \$500 to an **increased maximum of \$2,500** in the Health Care Spending Account.
- You may contribute up to the lesser of \$5,000 or 100% of the lowest paid spouse's income to the Dependent Care Assistance Program.
- Guidelines on all eligible expenses may be found at: www.sentinelbenefits.com/flexchoice.
- You may only elect a GIC Pre-Tax Benefit, or make changes to elections, during the GIC's open enrollment period, upon employment with the Commonwealth, or if you experience a qualified change in family status.
- Carefully estimate your GIC Pre-Tax plan contributions since money not spent during the plan year will be forfeited. **Important note:** Recently, the IRS provided a 2 1/2 month "grace period" at the end of the plan year in which participants can spend down unused contributions from the 2005 plan year for qualified expenses incurred through March 15, 2006.
- Only the expenses incurred during the plan year are eligible for reimbursement.

GET THE ANSWERS YOU NEED

For answers to all your specific questions,
email us at flexhelp@sentinelbenefits.com, or visit our website
www.sentinelbenefits.com/flexchoice
or call toll-free: 888.762.6088 8am-8pm EST.



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